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LETTER

TO A

MEMBER

Of the Present Honourable

House of Commons,

Relating to the

Credit of our GOVERNMENT,

Great Britain and Ireland
AND OF

The NATION in General.

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L O N D O N:

Printed by *A. R.* in *Bond's Stables*, adjoining to *Symond's Inn*, in *Chancery-lane*; and are to be sold by *J. Nutt*, near *Stationers Hall*. 1705.

LETTER

TO A

MEMBER

Of the President Honourable

House of Commons

Relating to the



CRIMINAL LAW

AND OF

THE NATION in General

LONDON:

Printed by A. R. in Bond Street, adjoining to Somerset House, near the Strand, and are to be sold by W. Newman, near St. Martin's Hall, 1797.

LETTER to a MEMBER

Of the Present Honourable

House of Commons.

S I R,

Decemb^r the 12th, 1705.

I Cannot sufficiently commend the Employment of your Thoughts, when you turn them to consider the Credit of this Nation. It is not, I think, an *Exposing the Nakedness of our Land*, to say that by Credit alone we subsist; or at least without it should make as mean a Figure in the World, as our Country does in the Map of it. On the other hand, there is no doubt but our Credit is as capable of being Corrupted as our Coin; and we may be Undone either for want of a Credit, or for want of a good one.

In the Conversation I had the Honour to have lately with you, I have sometimes endeavour'd to make you believe I have consider'd this Point;

and since I can safely say you do believe it, it will be no Vanity in me to expect that the wise and impartial Part of the Kingdom shou'd be of your Opinion; especially when they, in whose Power it is, shall think it reasonable that all the Conclusions we have come to upon this Subject, may see the Light.

In the mean time you are not the only Person that has discern'd in several of your worthy Members, a strong Prejudice against all sort of what they call *Paper Credit*; believing it to be a false Show of Wealth, and a Sympton of a rotten Foundation; and truly it must not be denied, that these Gentlemen (being considerable Members of the Publick) must have felt of late

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something like a secret Decay in our Civil Constitution, and in our Trade, which is the very Life and Soul of it; since there are very few Members so inconsiderable as not to feel it.

Since therefore we are thus far agreed, and this is apparently a Case which calls for an early and an industrious Application, I hope they will be prevail'd upon once more, to search for the Cause of it, before they attempt to remove the Disease. And I shall think this Paper well employ'd, if (before I have quite tir'd you) I can prove that the Cause does not really lye where it is very often lay'd; and can point out a more likely Place to find it in.

As to the former, I must affirm, under Favour, that the Charge runs wrong, when it runs upon *Paper Credit* in the general.

The Design of *Specie* is certainly to be a Standard by which to measure, with more Certainty, the Value of Things. And I grant that our Silver (for Gold is reckon'd a Commodity) comes nearer to an invariable Standard, than any other that has yet prevail'd in the World; and if the whole Earth were Civiliz'd, Silver wou'd, in likelihood, become the Universal Standard.

This is all that need be said to bring us to the Point, which is, Whether our Trade and Commerce can be, and ought to be carried on by *Specie* alone, or by that and Credit together? And to speak fully to this Point, I will first put the Supposition, That in *England* we have *Specie* enough for this Purpose; and next that we have not.

In the first place, admitting the Supposition, that we had *Specie* enough wherewith to carry on our Trade to a

due Extent; yet it wou'd not, in my Opinion, be for the Interest of our Trade, quite to exclude *Paper Credit*. For the greatest Dealers, and the greatest Dealings in our Trade, do require a quicker Dispatch, in point of time, than the Tale of *Specie* will admit of: This, and the Trouble of carrying it to and fro for all sorts of Payments, wou'd prove an unsufferable Hindrance to our Trade; and give frequent Stops to that, whose very Life consists in being always in Motion.

Besides, that considerable Tradesmen cou'd never act with sufficient Security, by having such vast Sums of *Specie* always by them; whereas *Paper Credit* (which does the Work of *Specie* Abroad) is more securely preserv'd at Home, and more capable of being recover'd when lost.

But I need not stay upon this first Supposition any longer, because 'tis a meer Supposition; for The truth of our Case is, Secondly, That we have not *Specie* near enough to carry on our Trade to that Extent, which by the help of Credit we do, and are capable of farther doing both at Home and Abroad.

Now, were we to reduce the Bounds of our Trade, to the Value of our *Specie*, the necessary Consequence would be, that we must loose as much Stock in Trade; as we had Credit current in it; and so much of our Trade (with the Profits of it) as was driven by that Stock.

For Example, If our *Specie* be indeed Ten Millions, and the Returns of our Trade do Annually amount to Forty Millions, then three Parts in four of the Profits of our Trade, is owing to our Credit; and when that is.

is destroy'd or exploded, three Parts of our Profit must sink with it. And the Argument will more nearly concern us, if the *Specie* shou'd be less, and our Trade greater, as 'tis generally computed they are.

And the Consequence of our losing our Trade, is our Neighbours gaining it; who always contrive to have the best Credit that's possible current in their Trade, which inables them to carry it on to that very great Extent, which we see they do.

And the lessening of our Trade must proportionably lessen our Shipping, to an equal lessening of our Naval Force, and our greatest Security.

From whence you may see an absolute Necessity of Credit in our Trade, and consequently, that 'tis necessary to the Well being of *England*.

So that the Grand Objection, That Credit sometimes fails in Particular Cases where *Specie* does not, is of no Force in this Case; because that accidental Evil bears no Proportion to the great Good, and the great Necessity of a Credit constantly to be employ'd in our Trade.

If therefore we will consult either the Reason of the Thing, or the Practice of the greatest trading Nations, we shall not give the least Discouragement to our Credit; but rather think our selves oblig'd to nurse it tenderly, as that profitable Plant, which yields more Fruit to our Trade, than the whole *Specie* of the Kingdom.

This I think is made evident, as to the People of *England*; but the Strefs of the Case lyes not here. For, this being granted, another Question will be put; which is, How far the Government ought to make use of, and

depend upon any sort of Credit? And that which makes this a different Case from the former, is, that it may not be prudent in the Government to subject it self to those Risques, which private Persons may prudently run, upon good Prospects of Gain.

This is a Consideration of no small Moment; let us therefore, if you please, in the first Place examin how the Fact stands, and how the Government is supply'd at present.

The Parliament, suppose, gives five Millions; but the Funds upon which this is given do not come in so fast as the necessary Service of the Government requires the Sums: For the nearest Funds are generally above a Year in coming in; but the Occasions of the Government are much more instant, and call for a great Part of the Supply in a few Months after given.

This causes every Year a Borrowing Clause; by Vertue of which the Government receives Loans; which it cannot do, but either in Money or Credit; and, I fear, it will be found to receive them, neither way, advantageously, or without considerable Detriment to the Publick Wellfare of the Nation.

First, If the Loans are received all in Money, there are but three Ways that Money can come in; either, First, The whole Sum is brought in at once; or, Secondly, It is borrowed at several times, as the several Occasions require; or, Thirdly, Some part of it is borrowed in *Specie* for some Uses, and for others, the Government buys upon its own Credit, to pay when the Funds appropriated do come in.

As to the first Way, in this Case it is not likely that a Moiety of our *Specie*, should be brought on a sudden to center in any one Place: Or were this practicable, it would be highly prejudicial to our Trade, to have so great a Proportion of our whole Cash, drawn out of it at once.

As to the second Way, it is to be considered, that such prompt Loans, upon all Occasions, are not likely to be had, but from those who keep their Money by them for this very Purpose; which if they lend at the common Rates, is a Detriment to themselves, (which it is thought few will submit to) if at extraordinary Rates, it's detrimental to the Government. Besides, the Money in this Case, is, with equal Prejudice, kept out of Trade; whether it lies ready for the Government in private Hands, or lies in the Hands of the Government. Add to this, That it does not seem prudent when the Government has Service in View, and at a small Distance, to depend upon precarious Loans, at the Juncture of Execution.

But we see the Government borrowing some Money at Interest, and buying Stores for the Navy, and upon the Credit of the Funds; which shews that the third Way is taken, and yet it must not be denied, that the Government, even this Way, suffers very much. For some of the Navy or Victualling-Bills are now at Ten *per Cent.* Discount; though after Six Months, they bear Six *per Cent.* Interest from the Government; and will not, the Sellers think you, have a sufficient Regard to this in their Contracts with the Government? And must not the Publick expect to pay

as much dearer in the Rates, as the Warrants they give for payment are under Discount? Which is giving, in effect, for that Six Months, Interest at the Rate of Twenty *per Cent.*

These are to me apparent Disadvantages; nor are they capable of any Remedy, according to the present Methods, unless it shall be thought more advisable that the Government (for the Ease of Trade, and to keep the *Specie* in it) should chiefly borrow Credit, such as Bank or Bankers Notes, who no doubt, will be ready enough to lend, with such extraordinary Advantage to themselves, as to get the Interest, perhaps of several Thousands, by the Employment of one. And it may be this would prove of real Use in the carrying on of our Trade.

But there is too great a Barr against this Practice; the Paper in the *Exchequer*, has too great a Dependence on the Money in the Bank or Bankers Hands, and may sink in its Value at once, if they should either withhold Payment, or be accidentally disabled only for a small space of Time, in which the Government may be distressed, or even quite destroyed. I don't question but I have given the Reason why such Bills are not admitted in the *Exchequer* publicly; nor has the Parliament been prevailed upon, excepting for a short time in one extraordinary Case, to make Bank Notes passable there. How far a Friendship to the Bank, or any other Reason may have induced the Officers of the *Revenue*, collusively to admit of them, I wave enquiring.

And here it is that I perfectly agree with those Gentlemen, who complain of Paper Credit, as dangerous

to pass in the *Exchequer*; meaning only that precarious Credit we are speaking of.

But this true Principle has unhappily led some of you into a mistaken Consequence, which is to charge the same Danger upon all manner of *Paper Credit* there, though it be issued at first by the Government itself.

But I will assert, and prove it too, that the Consequences are so far from being the same in both Cases, that they are directly opposite.

For, whereas in the former Case, the Government would be indanger'd by depending on Private Credit, which would be the same thing as depending on a few private Persons: In this Case all those private Persons who make Use of the Government's Credit, are still made more dependant on the Government, and consequently that Government is made stronger by a very great additional Obligation, and Interest of the Subject to maintain it.

To lay before you but one Instance in each Case: There is (we'll say) in the *Exchequer* a Million in Bank Notes, borrow'd at Interest; Does not the Government run the Hazard both of the Will and Power of the Bank to pay these Notes, even tho' the Service of them may be instantly necessary?

In the other Case, when the Government has issu'd a Million in Notes of its own (which may be so well contriv'd, that without Interest, they shall be preferable to Money) these, when they return into the *Exchequer* (which we'll suppose they do instead of Money) having already done that Service for which the Bank Notes

were borrow'd, as abovesaid, may be admitted there without any possible Hazard Detriment or Inconvenience.

But I am now come as far as I intended, and shall take up no more of your time, than to tell you a short Story.

" There was an Owner of a large
 " Estate, consisting of the most secure and valuable Rents, with a
 " great number of Tenants; his Expences were about equal to his Income; and wanting (at one time)
 " considerable Supplies of Stores, with
 " which his Tenants furnished him, some of them much beyond the
 " Value of the Rent they were to pay him; He being at the same time
 " not before-hand in Cash, was at a
 " Non-plus how to pay the Suppliers
 " so readily as they wanted; for, as to, borrowing of some Tenants at
 " Interest, to pay the rest, Money was scarce amongst them, and his
 " Predecessor had suffered very much upon that Article; but at last he
 " hit upon this Method: He gave
 " out his own Bills of Credit, engaging his whole Revenue for
 " the Payment of them, and obliging himself to take them back
 " in all Payments of that Revenue.
 " Nay, he contriv'd also how to exchange them for Money to all that
 " desir'd it. Now though he forced these Bills upon none; yet those
 " that dealt with him soon understood how secure and how convenient these
 " Bills were; and then did not only prefer them to all other Credit, but
 " to ready Money too; because they did all the Business of Money with
 " every one, and with much greater
 " Dispatch;

" Dispatch; and for the same Reason, very few (excepting for petty Payments) would exchange them into Money.

And thus this wise Governour (for so I will venture to call him) by a dexterous Management of his own good Credit, bought as cheap, and was as well supply'd in all Respects as he could have been by so much ready Money; and thereby kept his Estate clear; at the same time promoting Trade, and causing Plenty amongst his Tenants.

I cannot forbear saying, *Happy were England, could this Story be told of us.* Something I'm sure might be done; the Consideration of which, seems to claim a Place amongst your weightiest Debates.

Ways and Means take up much of your Time; and methinks 'tis pity so much should be employ'd in Raising, and so little in Managing the Supplies.

I crave the Favour to be rightly understood here; I speak nothing

with the least Intention to Reflect on the Conduct of our wise Ministry, who have done so much, and for any thing I know, the most that can be done towards a prudent Management, in the Methods they are confin'd to.

But I must tell you my Opinion, That the ablest Minister in the World cannot do this to any great Degree, without your Aid. It is you must support the Credit, as well as supply the Coffers of the Government.

For I fear it is too evident, that until our Government has a more general and active Credit, than has hitherto appear'd, it must be subject to the many Hazards and Hardships of a necessitous Borrower; but whither these tend, and where they will fall, I need not tell you; And besides, 'tis high time to ask your Pardon for what I have already presum'd to tell you, and to subscribe my self, as intirely I am,

Your most Obliged, &c.

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